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No. 76-1559

In the Supreme Court of the United States

OCTOBER TERM, 1977

LUTRELLE F. PARKER, ACTING COMMISSIONER OF PATENTS AND TRADEMARKS, PETITIONER

v.

GLEN F. CHATFIELD

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

REPLY MEMORANDUM FOR THE PETITIONER

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I

Respondent argues that the government's petition for certiorari is not timely, because the application for extension of time was not filed within 90 days of November 18, 1976, the date the Court of Customs and Patent Appeals announced its decision. The application was filed within 90 days of December 10, 1976, the date that court issued its mandate. The timeliness of the petition thus turns on what constitutes "entry of judgment" of the Court of Customs and Patent Appeals, for purposes of this Court's jurisdiction under 28 U.S.C. 2101. The government contends that such judgment is not entered until the date of issuance of the mandate to the Patent and Trademark Office.

Respondent bases his argument that the court's opinion of November 18, 1976, constitutes the judgment of the court on the fact that the opinion contained a direction to reverse the determination of the Board. Yet, this Court in *Commissioner of Internal Revenue* v. *Estate of Bedford*, 325 U.S. 283, 286, expressly held that the fact that the opinion of the United States Court of Appeals for the Second Circuit in that case similarly concluded with the word "reversed," did not "turn [the opinion] into" a judgment. The test of what constitutes "entry of judgment" for purposes of petitioning for certiorari is, rather, the "practical understanding of the controlling significance, for appellate purposes," of the actions of the court below (*id.* at 285-286).

Respondent contends that this "practical understanding" is that the decision, and not the mandate, is the final judgment of the Court of Customs and Patent Appeals. This contention is inconsistent with the practice required by the Patent Code and that court's own rules.

The issuance of a mandate is necessary to implement the Patent Code's provisions for review of Patent and Trademark Office decisions by the Court of Customs and Patent Appeals, which expressly require a return of that court's determination to the Commissioner of Patents (35 U.S.C. (Supp. V) 144).[1] Unlike the situation in other courts, the return of the case to the Commissioner is an

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[1] 35 U.S.C. (Supp. V) 144 provides, in pertinent part:

> Upon its determination the court shall return to the Commissioner a certificate of its proceedings and decision, which shall be entered of record in the Patent and Trademark Office and govern the further proceedings in the case.

Rule 6.2(a) of the Rules of the Court of Customs and Patent Appeals (reproduced at Resp. Br. 3) requires that "[a] copy of the opinion or order of the court" accompany the mandate, indicating that the mandate is the "certificate" required by 35 U.S.C. (Supp V) 144.

integral and essential part of the process of judicial review. Until that return has been made, the judicial proceedings have not been completed. That return is accomplished by the issuance of the mandate. It is the mandate, and not the prior decision, that constitutes the judgment of the Court of Customs and Patent Appeals.

After that judgment has been returned to the Commissioner, the court cannot ordinarily change its decision. For that reason, the rules of the Court of Customs and Patent Appeals (Rules 6.1 and 6.2, reproduced in the appendix, *infra*) provide that the mandate will not issue until 21 days after the "decision" of the court, to give the parties the opportunity to persuade the court to alter its decision on rehearing.[2] That provision itself recognizes that the decision does not become final until the mandate has issued. The mandate is the operative act of the court that reflects and formalizes the court's disposition of the case. It is the mandate and not the decision that this Court will review on a petition for certiorari.

When this Court in *Dann* v. *Johnston*, 425 U.S. 219, reversed the Court of Customs and Patent Appeals, its formal action was: "Judgment reversed and case remanded to the United States Court of Customs and Patent Appeals for further proceedings in conformity with the opinion of this Court" (Sup. Ct. Journal, March 31, 1976, p. 503). Upon that remand, the Court of Customs

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[2]The word "decision," was substituted for the word "judgment" in both rules when they were amended in 1976, effective January 1, 1977. Respondent relies on the assertion of the Clerk of the Court of Customs and Patent Appeals (Resp. Br. App. B 6a) that these changes were not meant to reflect any change in the practice of that court. That is true, so far as it goes: the dispute lies in what that practice was and is. We submit that the current language of the Rules most accurately reflects the previous common understanding, *i.e.*, that the mandate, rather than the decision, is the "judgment" of the court.

and Patent Appeals merely issued a new mandate to the Commissioner of Patents in accordance with this Court's decision. See *In the Matter of the Application of Thomas R. Johnston*, CCPA Patent Appeal No. 9088, mandate issued April 29, 1976. The Court of Customs and Patent Appeals thus viewed this Court's reversal of its "judgment" as operating upon its mandate, and as requiring only the issuance of a new mandate to implement that decision. The Court of Customs and Patent Appeals did not consider this Court's order as a reversal of its decision that required further action with respect to that decision. This action by the Court of Customs and Patent Appeals showed that its practice is to treat its mandate rather than its decision as its judgment.

In the present case, as in *Bedford*, our submission that the mandate constitutes the judgment "is supported and certainly not contradicted by all that is conveyed by * * * the Rules of the lower court" (325 U.S. at 286).

II

A. Respondent contends that the Commissioner seeks to introduce in this Court for the first time issues that were not presented below: the novelty and unobviousness of the subject matter that respondent claims is patentable (see Resp. Br. 16-19). Respondent is mistaken.

We assume, for the purposes of this case, that the respondent's idea of periodically analyzing the utilization of the computer's resources and "regulating resource access priority" (Pet. App. 3A) is novel and useful, within the meaning of 35 U.S.C. 101-102. Moreover, we do not contend that the examiner or Board should have rejected the appealed claims as obvious over the prior art, under 35 U.S.C. 103.[3] We do contend, however, that respondent did not "invent or discover any * * * process * * * or

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[3]We believe that this assumption is implicit in the petition, but we now make it explicit, as did the petition in the companion *Noll* case (No. 76-1558, Pet. 16, n. 27).

any * * * improvement thereof" on which a patent may lawfully be granted under Section 101 and the pertinent case law.

The issue presented in the petition is thus the same as that before the Board and the court below: whether the examiner properly interpreted this Court's decision in *Gottschalk* v. *Benson*, 409 U.S. 63, in denying a patent on respondent's claims "under 35 U.S.C. 101 as being directed towards non-statutory subject matter" (R. 105).

Respondent, confusing the issues of "inventing a process" under Section 101, and novelty and unobviousness under Sections 102 and 103, respectively, denies that the case law requires that a patent applicant's means of implementing an idea must extend beyond the routine, conventional, or obvious applications of the idea that follow once the patent applicant possesses the idea.[4] But *Funk Brothers Seed Co.* v. *Kalo Inoculant Co.*, 333 U.S. 127, 130 (relied upon in *Benson, supra*, 409 U.S. at 67-68),[5]

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[4]At the same time, respondent asserts that "given the opportunity," he would demonstrate that his implementation of his computer programming ideas indeed goes beyond the routine, conventional, and obvious applications that followed once he possessed the idea (Resp. Br. 19). Respondent's opportunity to make this demonstration was during the proceedings before the Patent Office, in response to the examiner's rejection of his claims on the basis of this Court's opinion in *Benson* (see R. 97, Notification of Rejection(s) And/Or Objection(s); R. 105, Letter of Examiner, October 3, 1973). See *Triggiana* v. *Gens*, 482 F. 2d 1381 (C.C.P.A.); *Application of Welstead*, 463 F. 2d 1110 (C.C.P.A.); *Application of Allen*, 324 F. 2d 993 (C.C.P.A.).

[5]See also the cases cited at Pet. 19, n. 27, in each of which the courts held that no patent should have been granted, because there was no invention in devising the claimed embodiment once the patentee had possession of the idea (which was unpatentable as such).

establishes that the "invention" of an abstract intellectual concept or the "discovery" of a natural phenomenon is not, by itself, the kind of "invention" or "discovery" that will satisfy the requirements of 35 U.S.C. 101. For an abstract idea or principle of nature to be patentable, it must be applied in such a way that it is transformed into something more than a mere idea. In short, the way in which the inventor uses or implements the underlying idea must be inventive.[6]

B. Respondent also contends that the scope of unpatentable subject matter under *Benson* is limited to computer programs that are comprised solely of mathematical formulae or to algorithms for doing arithmetical or mathematical operations (Resp. Br. 20-21). Respondent distinguishes his alleged invention from the method held unpatentable in *Benson*, apparently on the ground that his claims are not to an arithmetical or a mathematical algorithm, but rather to a "method of operating a computer system" that includes specific mathematical algorithms as steps of its analysis (Resp. Br. 20).

Respondent's interpretation of *Benson* ignores the well-established principles on which that decision rests, and leads to the impermissible result of preempting the abstract idea or algorithm underlying the method that respondent claims. Whatever the outer reaches of the

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[6]Similarly, it is well established that a new combination of old parts is not patentable unless the parts co-act in such a way that the new totality of parts results "in an effect greater than the sum of the several effects taken separately." *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co.*, 396 U.S. 57, 61; see *Sakraida* v. *Ag Pro, Inc.*, 425 U.S. 273; *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U.S. 518, 521-522. Without this effect, there is no invention—not only for failure to satisfy Section 103's requirement of unobviousness but also for failure to satisfy Section 101's requirement that the applicant "invent or discover" a new and useful product or process.

rationale of *Benson* may be, it extends to respondent's claimed method, which, like Benson's, consists of an algorithm the purpose of which is to direct a computer to perform a series of specified steps in a specified order, through manipulation of mathematical formulae.[7]

As the decisions of the Court of Customs and Patent Appeals in this case and in *Application of Johnston*, 502 F. 2d 765, reversed *sub nom. Dann* v. *Johnston*, 425 U.S. 219, show,[8] that court has adopted a narrow reading of *Benson* that is inconsistent with its holding and rationale, and that treats as patentable concepts and ideas essential to the development of computer technology that are outside the scope of 35 U.S.C. 101. Unless this narrow reading is reversed, the development and application of computer programs will be hobbled by prolonged and costly disputes over patentability.

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[7]Respondent, in his effort to distinguish this case from *Benson*, appears to claim that his method is not a "computer program" at all (Resp. Br. 9, 20-21). If this is so, his claims are to an idea that is at least as "abstract and sweeping" (*Benson*, *supra*, 409 U.S. at 68) as Benson's—the idea of dynamically regulating access to computer resources by assigning priorities based on periodic evaluations of previous use. See Pet. 17-18.

[8]See also *Application of Flook*, C.C.P.A. No. 77-512, decided August 4, 1977; *Application of Deutsch*, 553 F. 2d 689 (C.C.P.A.).

For the reasons stated in the petition and in this memorandum, it is respectfully submitted that the petition for a writ of certiorari should be granted.

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DOJ-1977-09

RULES
OF
THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

EFFECTIVE JANUARY 1, 1977

INTRODUCTION

Pursuant to 28 U.S.C. 2071, the following rules are adopted, effective January 1, 1977. The court's existing rules are rescinded as of that date but this shall not affect any action properly taken before these rules became effective.

RULE 6.1 PETITION FOR REHEARING

A petition for rehearing may be filed within 21 days from the date of decision. The petition shall comply with the printing and service requirements of Rules 5.8, 5.9 and 5.10. It shall be limited to and state points of law or fact which the petitioner believes the court has overlooked or misapprehended and shall not reargue points already considered by the court. Except by permission of the court, a petition for rehearing shall not exceed 10 pages if produced by standard typographic printing or 15 pages if by any other process. Oral argument on the petition is not permitted. Any opposition to the petition must comply with the printing and service requirements for the petition and be filed within 10 days from date of service of the petition.

RULE 6.2 MANDATES

(a) When Issued. Mandates shall issue to the lower tribunal after 21 days from the date of decision. The timely filing of a petition for rehearing will stay the mandate until disposition of the petition. If the petition is denied, the mandate shall issue 7 days after denial

of the petition. A copy of the opinion or order of the court shall accompany the mandate.

(b) Stay. A stay of the mandate pending application to the Supreme Court of the United States for a writ of certiorari may be granted upon motion served on all parties. The stay shall not exceed 30 days unless the period is extended for cause shown. If during the stay the petition for a writ of certiorari has been filed, the stay will continue until final disposition of the case by the Supreme Court. Upon receipt of an order of the Supreme Court denying the petition, the mandate of the court shall issue.